Coal trading by private parties

3723. SHRI KARNENDU BHATTACHARJEE: Will the PRIME MINISTER be pleased to state:

(a) whether Government are considering a proposal to allow private players in coal trading; and

(b) if so, the details thereof and the reasons therefore?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO): (a) & (b) Colliery Control Order, 2000 places no restriction on trading of coal by private parties. Further, Government has decided to sell 10 million tonnes of coal through electronic auction on Internet for the year 2005-06 on trial basis. In this E-auction non-core consumers and non-linked consumers, as also the traders can participate and bid for the quantity as per requirement from the preferred sources.

Fixation of coal price

†3724. SHRIMATI KUM KUM RAI: Will the PRIME MINISTER be pleased to state:

(a) the basis on which the price of coal being supplied to power plants is fixed;

(b) whether there is difference in price of coking coal and coal being supplied to steel companies; and

(c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO): (a) Coal Companies supply non-coking/non linked washed coking coal to the power plants (except most of the pit-head power plants of NTPC) at the price notified by CIL. Washery Middlings/ Washed Coal (Power/Washed Non-coking coal is supplied to some of the Power Plants at the prices notifed by the Coal companies. The basis for fixation of price through such notification is guided by the following parameters:—

(i) Increase in the price of cost of inputs (for production of coal);

(ii) Acceptability of coal price in the market (and its impact on cost of power generation and production of steel);

†Original notice of the question was received in Hindi.

(iii) Demand and supply scenario,and

(iv) Landed cost of imported coal.

For the pit-head power plants of NTPC however, coal companies have entered into a long term Fuel Supply Agreement (FSA). The FSA contains a price escalation formula and prices of coal supplied to these pit-head power plants are arrived at each year on the basis of the said formula taking the base price as applicable on the date of implementation of FSA.

(b) Yes, Sir. the difference in price of coking coal and the coal being supplied to the steel companies is arising out of the difference between the prices of two products. The price of raw coking coal is notified by CIL whereas the price of washed coking coal, which is a value added product, is negotiated with Steel Authority of India Ltd. (SAIL) every year bilaterally. Other steel companies like IISCO, TISCO and RINL either offer a price higher than the negotiated price or adopt the same price as negotiated with SAIL.

(c) the basic price of coking coal ranges between Rs. 930/- per tonne to Rs. 2960/- per tonne, whereas the total price of washed coking coal supplied to SAIL during March, 2005 ranged between Rs. 2526/- to Rs. 3578/- per tonne.

Coal imports due to sub-standard indigenous coal

3725. SHRI KALRAJ MISHRA: Will the PRIME MINISTER be pleased to state:

(a) whether Government are considering on procuring coal from foriegn countries due to sub-standard quality of coal being produced in the country;

(b) if so, the details thereof; and

(c) whether N.T.P.C. has refused to purchase coal from some collieries?

THE MINISTER OF STATE IN THE MINISTRY OF COAL (DR. DASARI NARAYANA RAO):

(a) & (b) Indian coal contains high percentage of ash and is of relatively poor quality. To fill in the gap between demand and supply, Government have advised power utilities and other industries to import some coal.

(c) No.Sir.